HOUSE BILL 347: Modify Graham County Occupancy Tax

2015-2016 General Assembly

Committee:	House Finance	**Date:**	April 20, 2015
Introduced by:	Rep. West	**Prepared by:**	Trina Griffin
Analysis of:	First Edition		Committee Counsel

SUMMARY: House Bill 347 would recodify the previously authorized Graham County occupancy tax to make it more uniform with current occupancy tax guidelines. By doing so, Graham County would be able to use up to one-third of the occupancy tax proceeds for tourism-related expenditures, which it cannot do under current law.

CURRENT LAW: In 1985, the General Assembly authorized Graham County to levy an occupancy tax of 3%. The county must place the net proceeds of the tax in a special Travel and Tourism Fund, and the net proceeds must be used only to promote travel and tourism in the County.

BILL ANALYSIS: House Bill 347 would recodify the existing law authorizing a room occupancy tax in Graham County to more closely conform to the uniform guidelines currently used for occupancy taxes. The tax rate would remain the same. By conforming to the guidelines, Graham County would be able to use up to one-third of the occupancy tax proceeds for tourism-related expenditures, which it cannot do under current law. The bill also makes the Graham County occupancy tax subject to the uniform provisions for room occupancy taxes in G.S. 153A-155 and requires the Graham County Board of Commissioners to adopt a resolution modifying the Graham County Tourism Development Authority to conform with the requirements of the bill within 60 days of the act becoming law.

EFFECTIVE DATE: This act is effective when it becomes law.

BACKGROUND: In 1997, the General Assembly enacted uniform municipal and county administrative provisions for occupancy tax,[1] which provide uniformity among counties and cities with respect to the levy, administration, collection, repeal, and imposition of penalties. In 1993, the House Finance Committee established the Occupancy Tax Guidelines, which address the rate of tax, the use of the tax proceeds, the administration of the tax, and the body with authority to determine how the proceeds will be spent. A summary of these provisions is detailed in the chart below.

UNIFORM OCCUPANCY TAX PROVISIONS
Rate – The county tax rate cannot exceed 6% and the city tax rate, when combined with the county rate, cannot exceed 6%.
Use – Two-thirds of the proceeds must be used to promote travel and tourism and the remainder must be used for tourism related expenditures.
Definitions The term "net proceeds", "promote travel and tourism", and "tourism related expenditures" are defined terms.
Administration – The net revenues must be administered by a local tourism development authority that has the authority to determine how the tax proceeds will be used, is created by a local ordinance, and at least 1/2 of the members must be currently active in the promotion of travel and tourism in the county and 1/3 of the members must be affiliated with organizations that collect the tax.
Costs of Collection – The taxing authority may retain from the revenues its actual costs of collection, not to exceed 3% of the first $500,000 collected each year plus 1% of the remainder collected each year.

Kelly Tornow, counsel to House Local Government, substantially contributed to this summary.

[1] G.S. 153A-155 and G.S. 160A-215.